# Tata Capital Ltd.

**June 14, 2024**

## Credit Update

Tata Capital Limited (CARE AAA/ AA+; Stable) (TCL) vide its press release dated June 04, 2024, has intimated the stock exchange that the Board of Directors of TCL has approved the Scheme of Arrangement involving merger of Tata Motors Finance Limited (TMFL) wholly owned subsidiary of Tata Motors Finance Holding Limited (TMFHL) with TCL. As consideration for the merger, TCL will issue its equity shares to the shareholders of TMFL resulting in TMFHL effectively holding a 4.7% stake in the merged entity TCL and Tata Sons Private Limited (TSPL) will continue to be a majority shareholder in TCL.

The Scheme is subject to various sanction/approvals, of the National Company Law Tribunal (NCLT), requisite approvals of respective shareholders and creditors of the company and TMFL, as applicable and as may be directed by the NCLT, receipt of requisite regulatory/statutory approvals (including that of the Reserve Bank of India and Stock Exchanges).

CARE Ratings Ltd takes cognizance of the above developments and continues to monitor further developments surrounding the merger. The merger of TMFL with TCL is expected to scale up the lending businesses of the Tata Group, drive diversification and provide integrated solutions to the enhanced customer base.

**Analytical Approach:**

Consolidated; TCL along with its financial subsidiaries given the high business and operational synergies. The ratings further derive strength from TCL's strong parentage and support from TSPL, (TSPL holds 92.83% stake in TCL). The financial services business housed under TCL is integral part of Tata group's business which is evident through demonstrated capital support to TCL. Besides capital, TCL benefits from managerial support and business linkages given its access to Tata Group Ecosystem as well as operational linkages such as shared branding.

Please refer to the following link for the previous press release that captures key rating factors and rating sensitivities:

TCL – Tata Capital Ltd.

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